

PALLADIUM SECURITIES 1 S.A.

*(a public limited liability company (société anonyme)
incorporated under the laws of the Grand Duchy of Luxembourg, with its registered office at 2,
boulevard Konrad Adenauer, L-1115 Luxembourg, registered with the Luxembourg trade and
companies register under number B.103.036 and subject as a regulated securitisation undertaking to
the Luxembourg act dated 22 March 2004 on securitisation, as amended)*

(acting in respect of Compartment 61-2011-03)

**Up to EUR 100,000,000 Series 61 Fixed to Variable Range Accrual Notes due 1 September 2017
linked to (a) the EUR 150,000,000 Floating Rate Notes due September 2017 (ISIN:
XS0626669781) issued by Unicredit S.p.A., and (b) the EUR 50,000,000 Floating Rate Notes due
September 2017 (ISIN: XS0626653355) issued by Unione di Banche Italiane S.c.p.a.**

to be issued under the Programme for the Issuance of Debt Instruments and Beneficiary Shares of
Palladium Securities 1 S.A. (the “**Programme**”)

This supplement (the “**Supplement**”) is dated 7 September 2011 and should be read in conjunction with the Prospectus dated 14 June 2011 (the “**Prospectus**”) and the Supplement dated 25 August 2011 in respect of the up to EUR 100,000,000 Series 61 Fixed to Variable Range Accrual Notes due 1 September 2017 (ISIN: XS0631514832) linked to (a) the EUR 150,000,000 Floating Rate Notes due September 2017 (ISIN: XS0626669781) issued by Unicredit S.p.A., and (b) the EUR 50,000,000 Floating Rate Notes due September 2017 (ISIN: XS0626653355) issued by Unione di Banche Italiane S.c.p.a. (the “**Notes**”) of Palladium Securities 1 S.A. (the “**Issuer**”). This Supplement constitutes a supplement to the Prospectus for the purposes of article 13 of the Luxembourg law of 10 July 2005 on prospectuses for securities (the “**Prospectus Act 2005**”) and Article 16 of Directive 2003/71/EC. Terms defined in the Prospectus have the same meaning in this Supplement. Any information not updated or amended herein should be regarded as unchanged.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Further to its public offer of the Notes, the Issuer gives notice that on 1 September 2011 Moody's Investors Service downgraded Unione di Banche Italiane S.c.p.a.'s long-term debt and deposit ratings to A2 from A1, while the Prime-1 short-term debt and deposit ratings were unaffected by this rating action. Moody's also downgraded the bank's standalone bank financial strength rating (BFSR) to C-, mapping to Baa1 on the long-term scale, from C (which maps to A3).

As a result of the above with effect on and from 7 September 2011, the Prospectus will be amended as set out in the Annex to this Supplement.

Save as disclosed in the Prospectus and this Supplement, there has been no material adverse change in the financial position or prospects of the Issuer since its date of incorporation.

In accordance with Article 13 paragraph 2 of the Prospectus Act 2005, any investor who has agreed to purchase or subscribe for the Notes prior to the date of publication of this Supplement has the right, exercisable before the end of the period of two working days after the date of publication of this Supplement, to withdraw their acceptance.

This Supplement will be available on the Luxembourg Stock Exchange website (www.bourse.lu) and the following website: www.it.investmentprodukte.db.com.

ANNEX

The Prospectus is amended as follows:

- In the Description of the Collateral and the Collateral Issuers section, the paragraph 8.3 entitled “Description of Unione di Banche Italiane S.c.p.a. – General Information” (page 82 of the Prospectus) is amended by the addition of the following sentence at the end of such paragraph:

“On 1 September 2011 Moody's Investors Service downgraded Unione di Banche Italiane S.c.p.a.'s long-term debt and deposit ratings to A2 from A1, while the Prime-1 short-term debt and deposit ratings were unaffected by this rating action. Moody's also downgraded the bank's standalone bank financial strength rating (BFSR) to C-, mapping to Baa1 on the long-term scale, from C (which maps to A3).”.